

HOUSE BILL No. 1330

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-7-31.3.

Synopsis: Professional sports development areas. Allows the city of Terre Haute to establish a professional sports development area, subject to review by the budget committee and approval by the budget agency. Specifies the facilities that would be included in the area. Provides that up to \$5 million per year of state sales tax revenue attributable to the operation of facilities in the area shall be distributed to the city of Terre Haute and used to construct or equip a convention center or a facility that is used or will be used principally for convention or tourism related events serving national or regional markets (including the financing of such a capital improvement or lease payments for such a capital improvement). Provides that if a tax area is established in the city of Terre Haute, a development area oversight board (board) is established. Specifies the membership of the board and the powers and duties of the board. Provides that in addition to any other required approvals, the following are also subject to approval by the board: (1) The use and distribution of any taxes distributed to the tax area. (2) The issuance of any bonds or the entering into of any lease for which taxes distributed to the tax area have been pledged. Extends the expiration of the law governing professional sports development areas from December 31, 2027, to December 31, 2046.

Effective: July 1, 2014.

Heaton, Morrison, Kersey, Battles

January 15, 2014, read first time and referred to Committee on Ways and Means.



PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

HOUSE BILL No. 1330

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-7-31.3-4 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 4. **(a) Except as**
3 **provided in subsection (b),** as used in this chapter, "covered taxes"
4 means the part of the following taxes attributable to the operation of a
5 facility designated as part of a tax area under section 8 of this chapter:
6 (1) The state gross retail tax imposed under IC 6-2.5-2-1 or use
7 tax imposed under IC 6-2.5-3-2.
8 (2) An adjusted gross income tax imposed under IC 6-3-2-1 on an
9 individual.
10 (3) A county option income tax imposed under IC 6-3.5.
11 (4) Except in a county having a population of more than three
12 hundred thousand (300,000) but less than four hundred thousand
13 (400,000), a food and beverage tax imposed under IC 6-9.
14 **(b) In the case of a tax area established in the city of Terre**
15 **Haute, the term means only the part of the state gross retail tax**
16 **imposed under IC 6-2.5-2-1 attributable to the operation of a**



1 **facility designated in section 8(e) of this chapter as part of a tax**
 2 **area.**

3 SECTION 2. IC 36-7-31.3-8, AS AMENDED BY P.L.119-2012,
 4 SECTION 210, IS AMENDED TO READ AS FOLLOWS
 5 [EFFECTIVE JULY 1, 2014]: Sec. 8. (a) **Except as provided in**
 6 **subsection (e)**, a designating body may designate as part of a
 7 professional sports and convention development area any facility that
 8 is:

9 (1) owned by the city, the county, a school corporation, or a board
 10 under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11, and
 11 used by a professional sports franchise for practice or competitive
 12 sporting events;

13 (2) owned by the city, the county, or a board under IC 36-9-13,
 14 IC 36-10-8, IC 36-10-10, or IC 36-10-11, and used as one (1) of
 15 the following:

16 (A) A facility used principally for convention or tourism
 17 related events serving national or regional markets.

18 (B) An airport.

19 (C) A museum.

20 (D) A zoo.

21 (E) A facility used for public attractions of national
 22 significance.

23 (F) A performing arts venue.

24 (G) A county courthouse registered on the National Register
 25 of Historic Places; or

26 (3) a hotel.

27 Notwithstanding section 9 of this chapter or any other law, a
 28 designating body may by resolution approve the expansion of a
 29 professional sports and convention development area after June 30,
 30 2009, to include a hotel designated by the designating body. A
 31 resolution for such an expansion must be reviewed by the budget
 32 committee and approved by the budget agency in the same manner as
 33 a resolution establishing a professional sports and convention
 34 development area is reviewed and approved. A facility may not include
 35 a private golf course or related improvements. The tax area may
 36 include only facilities described in this section and any parcel of land
 37 on which a facility is located. An area may contain noncontiguous
 38 tracts of land within the city, county, or school corporation.

39 (b) Except for a tax area that:

40 (1) is located in a city having a population of:

41 (1) more than one hundred fifty thousand (150,000) but less
 42 than five hundred thousand (500,000); or



(2) more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); **or**

(2) is located in the city of Terre Haute;
a tax area must include at least one (1) facility described in subsection (a)(1).

(c) **Except as provided in subsection (e)**, a tax area may contain other facilities not owned by the designating body if:

(1) the facility is owned by a city, the county, a school corporation, or a board established under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11; and

(2) an agreement exists between the designating body and the owner of the facility specifying the distribution and uses of the covered taxes to be allocated under this chapter.

(d) This subsection applies to all tax areas located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000). The facilities located at an Indiana University-Purdue University regional campus are added to the tax area designated by the county. The maximum amount of covered taxes that may be captured in all tax areas located in the county is three million dollars (\$3,000,000) per year, regardless of the designating body that established the tax area. The county option income taxes imposed under IC 6-3.5 that are captured must be counted first toward this maximum.

(e) In the case of a tax area established in the city of Terre Haute, the tax area contains the following facilities within the city of Terre Haute:

(1) The Hulman Center.

(2) The Hilton Garden Hotel.

(3) The Candlewood Suites.

(4) The Holiday Inn.

(5) The Honey Creek Mall.

(6) The Indiana State University Foundation Building.

(7) A:

(A) convention center; or

(B) facility that is used or will be used principally for convention or tourism related events serving national or regional markets;

that is constructed after June 30, 2014.

SECTION 3. IC 36-7-31.3-9, AS AMENDED BY P.L.119-2012, SECTION 211, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 9. (a) A tax area must be initially established by resolution:



(1) except as provided in subdivision (2) before July 1, 1999; ~~or~~
 (2) before January 1, 2013, in the case of:

(A) **except as provided in subdivision (3)**, a second class city;

(B) the city of Marion; or

(C) the city of Westfield; **or**

(3) before July 1, 2016, in the case of the city of Terre Haute; according to the procedures set forth for the establishment of an economic development area under IC 36-7-14. Before May 15, 2005, a tax area established before January 1, 2005, may be changed or the terms governing the tax area revised in the same manner as the establishment of the initial tax area. After May 14, 2005, a tax area established before January 1, 2005, may not be changed and the terms governing a tax area may not be revised. Only one (1) tax area may be created in each county.

(b) In establishing the tax area, the designating body must make the following findings instead of the findings required for the establishment of economic development areas:

(1) Except for a tax area in:

(A) a city having a population of:

~~(A) (i)~~ more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

~~(B) (ii)~~ more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); **or**

(B) the city of Terre Haute;

there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used by a professional sports franchise for practice or competitive sporting events. A tax area to which this subdivision applies may also include a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a)(2) of this chapter.

(2) For a tax area in a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for any purpose specified in section 8(a) of this chapter.

(3) For a tax area in a city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400), there is a capital improvement that will be undertaken or has been undertaken in the tax area for a facility that is used for



any purpose specified in section 8(a)(2) of this chapter.

(4) For a tax area in the city of Terre Haute, there is a capital improvement that will be undertaken or has been undertaken in the tax area for:

(A) a convention center; or

(B) a facility that is used or will be used principally for convention or tourism related events serving national or regional markets.

~~(4)~~ **(5)** The capital improvement that will be undertaken or that has been undertaken in the tax area will benefit the public health and welfare and will be of public utility and benefit.

~~(5)~~ **(6)** The capital improvement that will be undertaken or that has been undertaken in the tax area will protect or increase state and local tax bases and tax revenues.

(c) The tax area established under this chapter is a special taxing district authorized by the general assembly to enable the designating body to provide special benefits to taxpayers in the tax area by promoting economic development that is of public use and benefit.

SECTION 4. IC 36-7-31.3-10, AS AMENDED BY P.L.137-2012, SECTION 121, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 10. (a) A tax area must be established by resolution. A resolution establishing a tax area must provide for the allocation of covered taxes attributable to a taxable event or covered taxes earned in the tax area to the professional sports and convention development area fund established for the city or county. The allocation provision must apply to the entire tax area. The following apply to Allen County:

(1) The fund required by this subsection is the coliseum professional sports and convention development area fund. This fund shall be administered by the Allen County Memorial Coliseum board of trustees.

(2) The allocation each year must be as follows:

(A) The first two million six hundred thousand dollars (\$2,600,000) shall be transferred to the county treasurer for deposit in the coliseum professional sports and convention development area fund.

(B) The remaining amount shall be transferred to the treasurer of the joint county-city capital improvement board in the county.

The resolution must provide the tax area terminates not later than December 31, 2027.

(b) This subsection does not apply to a tax area located in the



city of Terre Haute. In addition to subsection (a), all of the salary, wages, bonuses, and other compensation that are:

- (1) paid during a taxable year to a professional athlete for professional athletic services;
- (2) taxable in Indiana; and
- (3) earned in the tax area;

shall be allocated to the tax area if the professional athlete is a member of a team that plays the majority of the professional athletic events that the team plays in Indiana in the tax area.

(c) For a tax area that is:

- (1) not located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000); ~~and~~
- (2) not located in a city having a population of more than one hundred thousand (100,000) but less than one hundred ten thousand (110,000); ~~and~~

(3) not located in the city of Terre Haute;

the total amount of state revenue captured by the tax area may not exceed five dollars (\$5) per resident of the city or county per year for twenty (20) consecutive years.

(d) For a tax area that is located in a city having a population of more than one hundred thousand (100,000) but less than one hundred ten thousand (110,000), the total amount of state revenue captured by the tax area may not exceed six dollars and fifty cents (\$6.50) per resident of the city per year for twenty (20) consecutive years.

(e) For a tax area that is located in the city of Terre Haute, the total amount of state revenue captured by the tax area may not exceed five million dollars (\$5,000,000) each year.

~~(e)~~ (f) The resolution establishing the tax area must designate the facility or proposed facility and the facility site for which the tax area is established.

~~(f)~~ (g) The department may adopt rules under IC 4-22-2 and guidelines to govern the allocation of covered taxes to a tax area.

SECTION 5. IC 36-7-31.3-13, AS AMENDED BY P.L.261-2013, SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 13. (a) When the designating body adopts an allocation provision, the county auditor shall notify the department by certified mail of the adoption of the provision and shall include with the notification a complete list of the following:

- (1) Employers in the tax area.
- (2) Street names and the range of street numbers of each street in the tax area.



The county auditor shall update the list before July 1 of each year.

(b) **This subsection does not apply to a tax area located in the city of Terre Haute.** Taxpayers operating in the district shall report annually, in the manner and in the form prescribed by the department, information that the department determines necessary to calculate the salary, wages, bonuses, and other compensation that are:

- (1) paid during a taxable year to a professional athlete for professional athletic services;
- (2) taxable in Indiana; and
- (3) earned in the district.

(c) **Taxpayers operating in a tax area located in the city of Terre Haute shall report annually, in the manner and in the form prescribed by the department, information that the department determines necessary to calculate the state gross retail tax attributable to the operation of a facility designated in section 8(e) of this chapter as part of the tax area.**

~~(c)~~ (d) A taxpayer operating in the district that files a consolidated tax return with the department also shall file annually an informational return with the department for each business location of the taxpayer within the district.

~~(d)~~ (e) If a taxpayer fails to report the information required by this section or file an informational return required by this section, the department shall use the best information available in calculating the amount of covered taxes attributable to a taxable event in a tax area or covered taxes from income earned in a tax area.

SECTION 6. IC 36-7-31.3-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 17. The department shall notify the county auditor of the amount of taxes to be distributed to the county treasurer. For tax areas described in section 8(c) of this chapter, the department shall notify the county auditor of the amount of taxes to be distributed to each party to the agreement. **For a tax area established in the city of Terre Haute, the department shall notify the county auditor of the amount of taxes to be distributed as provided in the allocation provision, subject to the approval of the development area oversight board established under section 20.5 of this chapter.** The notice must specify the distribution and uses of covered taxes to be allocated under this chapter.

SECTION 7. IC 36-7-31.3-19, AS AMENDED BY P.L.119-2012, SECTION 213, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 19. The resolution establishing the tax area must designate the use of the funds. The funds are to be used only for the following:



(1) Except in a tax area:

(A) in a city having a population of:

~~(A)~~ (i) more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000); or

~~(B)~~ (ii) more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400); or

(B) in the city of Terre Haute;

a capital improvement that will construct or equip a facility owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used by a professional sports franchise for practice or competitive sporting events. In a tax area to which this subdivision applies, funds may also be used for a capital improvement that will construct or equip a facility owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in section 8(a)(2) of this chapter.

(2) In a city having a population of more than one hundred fifty thousand (150,000) but less than five hundred thousand (500,000), a capital improvement that will construct or equip a facility owned by the city, the county, a school corporation, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in section 8(a) of this chapter.

(3) In a city having a population of more than eighty thousand (80,000) but less than eighty thousand four hundred (80,400), a capital improvement that will construct or equip a facility owned by the city, the county, or a board under IC 36-9-13, IC 36-10-8, IC 36-10-10, or IC 36-10-11 and used for any purpose specified in section 8(a)(1) or 8(a)(2) of this chapter.

(4) In the city of Terre Haute, subject to the approval of the development area oversight board established under section 20.5 of this chapter, a capital improvement that will construct or equip a convention center or a facility that is used or will be used principally for convention or tourism related events serving national or regional markets.

~~(4)~~ (5) The financing or refinancing of a capital improvement described in subdivision (1), (2), ~~or~~ (3), **or (4)**, or the payment of lease payments for a capital improvement described in subdivision (1), (2), ~~or~~ (3), **or (4)**.

SECTION 8. IC 36-7-31.3-20.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2014]: **Sec. 20.5. (a) If a tax area is**



1 established in the city of Terre Haute, a development area
 2 oversight board is established as provided in this section.

3 (b) A development area oversight board established under this
 4 section shall consist of the following members:

5 (1) Five (5) individuals appointed by the mayor of the city of
 6 Terre Haute. Not more than three (3) individuals appointed
 7 under this subdivision may be affiliated with the same
 8 political party.

9 (2) One (1) individual appointed by the board of the Terre
 10 Haute Convention and Visitors Bureau.

11 (3) Two (2) individuals appointed by the president of Indiana
 12 State University.

13 (4) One (1) individual appointed by the county council of Vigo
 14 County.

15 (c) In addition to any other approvals required by law, the
 16 following are also subject to approval by the development area
 17 oversight board:

18 (1) The use and distribution of any taxes distributed to the tax
 19 area in the city of Terre Haute.

20 (2) The:

21 (A) issuance of any bonds; or

22 (B) entering into of any lease;

23 for which taxes distributed to the tax area in the city of Terre
 24 Haute have been pledged to pay the principal and interest on
 25 the bonds or the lease rental payments.

26 (d) The development area oversight board may do the following:

27 (1) Own and operate a facility described in section 8(e)(1) of
 28 this chapter.

29 (2) Enter into other contracts or agreements as necessary to
 30 carry out its powers and duties under this section.

31 SECTION 9. IC 36-7-31.3-21 IS AMENDED TO READ AS
 32 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 21. This chapter
 33 expires December 31, ~~2027~~: **2046**.

